

Message Text

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PAGE 01 STATE 309060
ORIGIN EA-09

INFO OCT-01 ISO-00 ARA-06 FEA-01 ERDA-05 AID-05 CEA-01
CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
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DRAFTED BY EA/IMS:ARDORNHEIM:LGR
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----- 096847 /62
R 221932Z DEC 76
FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA

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E.O. 11652: NA

TAGS: ENRG, ID

SUBJECT: PERTAMINA INTEREST IN PUERTO RICO REFINERY

1. DESK HAS LEARNED FROM LOCAL SUN COMPANY INC REP THAT ON NOV 18 HIS PRINCIPALS MET WITH SOME PERTAMINA AND GOI OFFICIALS (STYLING THEMSELVES "ALDON OIL CO. LTD. GROUP") TO DISCUSS POSSIBLE PURCHASE OF SUN OIL'S 80,000 B/D REFINERY IN PUERTO RICO. MEETING WAS APPARENTLY SET UP BY A JAMES HURST, EXECUTIVE DIRECTOR OF REFINERIA DUARTE SA IN DOMINICAN REPUBLIC. ATTENDING FOR PERTAMINA WAS DRS. SATMOKO, IDENTIFIED BY GEORGE BENSON AS ASSISTANT TO NEW YORK PERTAMINA REP HASMORO. GOI WAS REPORTEDLY REPRESENTED BY A COL. ALOYSUS SUGIJANTA (SUGIANTO ?) AND HIS ASSISTANT RUSDY HARMAYN; IN AN INTERNAL SUN OIL MEMO SUGIJANTA/ SUGIANTO IS DESCRIBED AS "DEPUTY CHIEF OF INTELLIGENCE OF THE INDONESIAN GOVERNMENT (SIC) ... REPORTEDLY NEXT IN LIMITED OFFICIAL USE

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PAGE 02 STATE 309060

COMMAND TO GENERAL ALIMONTOPO (SIC)".

2. WHILE NOV 18 MEETING WAS DESCRIBED AS INCONCLUSIVE, NEXT MEETING IN EARLY DECEMBER WAS SUFFICIENTLY SUBSTANTIVE AND ENCOURAGING TO CAUSE SUN OIL TO NOTIFY FEA OFFICIALLY OF THE PERTAMINA INITIATIVE.

3. THE CURIOUS SUGGESTED INVOLVEMENT OF ALI MURTOPO IN THIS MATTER ASIDE, IDEA MIGHT MAKE SENSE FOR PERTAMINA. ON PAPER IT WOULD GIVE PERTAMINA, WHICH REPORTEDLY FACES SERIOUS MARKETING PROBLEMS, AN ASSURED AND SIGNIFICANT OUTLET FOR ITS CRUDE OIL. A CHECK WITH AN FEA OFFICIAL, HOWEVER, INDICATES THAT THERE MAY BE PROBLEMS. WHILE THERE IS NO STATUTE OF WHICH WE ARE AWARE PREVENTING OWNERSHIP OF A REFINERY IN PUERTO RICO OR U.S. MAINLAND BY A FOREIGN GOVERNMENT ENTITY OR DENYING A FOREIGN-OWNED REFINERY IN PUERTO RICO U.S. OIL IMPORT ALLOCATIONS AND ENTITLEMENTS, THERE MIGHT BE OTHER RESTRICTIONS WHICH COULD MAKE PURCHASE FOR PERTAMINA UNATTRACTIVE. IF A PERTAMINA-OWNED REFINERY WERE TO "INHERIT" SUN OIL'S CRUDE OIL IMPORT ALLOCATION, SUCH ALLOCATION WOULD EXPIRE IN A FEW YEARS AND PRESUMABLY WOULD HAVE TO BE RENEGOTIATED WITH USG. SUN'S ALLOCATION, IN ANY EVENT, WAS CONDITIONED ON AN UNDERSTANDING TO LIMIT ITS EXPORTS OF REFINED PRODUCTS TO U.S. MAINLAND AND TO MAKE CERTAIN PRODUCTS AVAILABLE AS FEEDSTOCK FOR PUERTO RICO'S YOUNG PETROCHEMICAL INDUSTRY. ENTITLEMENTS, WHETHER "INHERITED" OR NEGOTIATED, WOULD INITIALLY HELP PERTAMINA'S CASH FLOW, BUT THEY ARE DUE TO EXPIRE IN 1979. A PUERTO RICO REFINERY WOULD BE SUBJECT TO U.S. PRICE CONTROLS. ANY EXPORTS OF REFINED PRODUCTS TO MEXICO, CANADA, EUROPE, ETC, WOULD BE SUBJECT TO U.S. SHORT SUPPLY REGULATIONS. AND PUERTO RICAN COMMONWEALTH MAY OF COURSE WISH TO ALTER ITS INVESTMENT INCENTIVE AND TAX POLICIES AT ANY TIME.

4. DESK WILL REPORT ON THIS NEW DEVELOPMENT FROM TIME TO TIME AND WOULD APPRECIATE ANY RELEVANT INFORMATION EMBASSY LIMITED OFFICIAL USE

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PAGE 03 STATE 309060

MIGHT BE ABLE TO GLEAN.
ROBINSON

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